



STATE BOARD OF EQUALIZATION STAFF LEGISLATIVE BILL ANALYSIS

Date Introduced: **02/18/05**

Bill No: **SB 501**

Tax: **Property**

Author: **Machado**

Related Bills:

BILL SUMMARY

This Board of Equalization sponsored bill adds state assessed electrical generation facilities to the list of properties which must be assigned to a specific tax rate area rather than the countywide tax rate area when preparing the Board roll of state assessed property.

ANALYSIS

Current Law

Under current law, incremental growth in property tax revenues from most state assessed property occurring after 1987 is shared on a "countywide" basis. This revenue is distributed to nearly all governmental agencies and school entities in the county in proportion to each entity's share of the county's total ad valorem property tax revenues.

Under the countywide system, each county has one general "countywide tax rate area" to which the assessed value of state assessed property is assigned. However, the law provides for certain exceptions to this process. For some state assessed properties, the resulting property tax revenues are allocated only to the governmental agencies and school entities in the specific tax rate area where the property is sited rather than being deposited in the countywide pool. These exceptions are:

- Electrical generation facilities pursuant to Section 100.9
- Three specific state assessed properties pursuant to Section 100(i), (j) and (k)
- Property of regulated railway companies pursuant to Section 100.1
- Nonunitary property pursuant to Section 755(a) and 756(a)

Sections 755 and 756 require the Board to transmit the assessment roll and roll estimates to the county auditor by certain dates annually. These sections of law specify that the assessed value of the above listed properties (with the exception of electrical generation facilities) are to be assigned to a specific tax rate area rather than the general countywide tax rate area. This ensures that the revenues from these properties flow to the proper local governments.

This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the Board's formal position.

Proposed Law

This bill would amend Revenue and Taxation Code Sections 755 and 756 to add electrical generation facilities as defined in Section 100.9 to the types of properties that must be assigned to a particular tax rate area rather than the countywide tax rate area on the Board roll.

Background

Effective January 1, 2003, Chapter 57 of the Statutes of 2002 (AB 81) transferred the assessment of certain electrical generation facilities to the Board and added Section 100.9 to the Revenue and Taxation Code to require that the value of these electric generation facilities be allocated to the specific tax rate area where the facility is located, rather than the countywide tax rate area prescribed by Section 100 for other state assessed property.

COMMENTS

1. **Sponsor and Purpose.** The Board is sponsoring this technical amendment to ensure that the laws related to the preparation of the Board roll properly reference all properties for which the Board must assign state assessee values to a particular tax rate area rather than the countywide tax rate area.
2. **Codifies Existing Practices.** It is the current administrative practice of the Board to prepare the roll in this manner in order to properly implement Section 100.9.

COST ESTIMATE

This bill would not result in any costs because it reflects the Board's current practice.

REVENUE ESTIMATE

This bill has no revenue impact.

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